

August 1, 2000

Dear Pilot Program Volunteer:

Thank you for volunteering to participate in the Investment Adviser Registration Depository (“IARD”) Pilot Program. As a Volunteer, you will be among the first investment advisers to make an electronic filing using IARD. Information from your experience in the Pilot Program will be used to help assess and improve the readiness of IARD for use by all registered investment advisers. We look forward to working with you and welcome your comments.

Development of the IARD is a joint effort of the SEC and the North American Securities Administrators Association. IARD is being built and is operated by the National Association of Securities Dealers Regulation, Inc., (NASDR). Before you can start to make filings through the IARD, you must set up an IARD Account with NASDR. The information in this packet enables you to do this.

Setting Up Your IARD Account

In this packet are the following items.

- A letter from NASDR that explains how to set up your IARD account and provides other information about IARD
- Three Forms:
 - User Account Acknowledgement Form (UAAF – 1 copy)
 - Account Administrator Entitlement Form (AAEF – 2 copies)
 - Pilot Acknowledgement (1 copy)
- Account Administrator Navigation Guide
- Pre-addressed envelope for mailing completed forms to NASDR by August 31, 2000

Please fill out all three forms (UAAF, AAEF, and Pilot Acknowledgement) contained in this packet. Original signatures are required. If you appoint on the UAAF both a Primary Account Administrator and an Alternate Account Administrator for your firm, you will need to complete an AAEF for each person. Therefore, two copies of the AAEF are included in the packet.

Mail (do not fax) your completed forms to NASDR in the pre-addressed envelope. *Do not mail your forms to the SEC.* If you misplace the pre-addressed envelope, mail your completed forms to:

Web IARD Pilot Entitlement Requests
NASD Regulation, Inc.
P.O. Box 9495
Gaithersburg, MD 20898-9495

NASDR must receive your completed forms no later than August 31, 2000.

Schedule of Events

During September, the SEC is expected to vote on the adoption of proposed new Form ADV and related new rules. NASDR also will continue testing IARD. In early October, NASDR will send you IARD access information and information on how to fund your IARD account. Once you receive this information, you can log onto IARD and begin preparing your first electronic filing using the new Form ADV.

Proposed Form ADV

A complete description of the SEC's proposal on electronic filing, and amendments to Form ADV and related rules is available on the SEC's website www.sec.gov/iard. We expect that the Commission will consider and adopt changes to Part 1 before the Pilot Program begins, and consider and adopt changes to Part 2 before the end of this year. You will not be required to file Part 2 with the SEC during the Pilot Program. The instructions to proposed Form ADV will explain filing requirements during the period between these two events. We will post information about Commission action on our website as soon as it is available.

IARD Filing Fees

NASDR will charge the following IARD filing fees that the Commission has approved.

<u>Assets Under Management</u>	<u>Initial Set-Up Fee</u>	<u>Annual Updating Fee</u>
More than \$100 million	\$1,100	\$550
\$25 million to \$100 million	\$ 800	\$400
Less than \$25 million	\$ 150	\$100

You will be required to pay the Initial Set-Up Fee when you submit your first electronic Form ADV filing using IARD. You then will be required to pay the annual updating fee each year thereafter when you file your annual updating amendment. NASDR will waive Pilot Volunteers' annual updating fee for the first annual updating amendment submitted to IARD.

Questions and Feedback

We expect that you will have questions during the Pilot Program. The SEC's IARD website www.sec.gov/iard will provide updated information throughout the Pilot Program, including answers to frequently asked questions. For additional help, you should contact the appropriate organizations as suggested below.

If you have questions about

Completing the IARD forms
IARD operation

Contact:

NASDR by calling 240-386-4848
NASDR by calling 240-386-4848

Legal or regulatory issues,
including Form ADV and Form
ADV-W

iard@sec.gov by e-mail (re: Pilot
Question) or contact
SEC staff by calling 202-942-0691

Filing Status

SEC staff by calling 202-942-7820

Thank you again for agreeing to participate in the IARD Pilot Program. We are here to help you in any way we can.

Very truly yours,

Lori Price
IARD Project Manager, Office of
Investment Adviser Regulation